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A tale of two cities

The economies of northern and southern Nevada have traditionally depended on gaming, but in recent years they've veered off in different directions.

In a nutshell, Las Vegas is booming — with gaming the souped-up engine driving the region's economy. Reno is also booming, but gaming in the north looks more like a Model T than a Ferrari.

"For Las Vegas, it helps to be No. 1," says Bill Eadington, professor of economics and director of the University of Nevada Reno's Institute for the Study of Gambling and Commercial Gaming. He's referring to Vegas' spot as the biggest revenue-producing gaming destination in the United States. "Reno is probably down to about No. 10."

By John Wheeler '86, '87M.A. is an associate editor of *Nevada Silver & Blue*.

Although northern Nevada's gaming revenues picked up a little bit in 2006, they declined about 15 percent between 2000 and 2004 and have dropped 30 percent from their peak in the early 1990s.

"Reno has experienced increased competition not only from Las Vegas but from California Indian gaming, the expansion of tribal gaming in the Pacific Northwest, and the expansion of casino gaming throughout western Canada," Eadington says. "All of these have made it difficult for Reno's gaming-based tourist trade to compete."

Fortunately, northern Nevada has succeeded in developing a lucrative calendar of special events like a rib cook-off and classic car and motorcycle rallies during the summer and early fall. The area also is doing well in diversifying its economy, Eadington says.

At the same time as big names such as Microsoft and Amazon have set up business in northern Nevada, Reno hotel-casinos such



as the Comstock, Sundowner and Flamingo Hilton, later renamed the Golden Phoenix and now undergoing conversion to condos, have gone under.

"The gaming industry has become increasingly unimportant," Eadington says.

DUST IN THE WIND

Although northern Nevada has done better than many expected in coping with gaming's decline, the dust has yet to settle from the growth of California's Indian gaming. One such project at Shingle Springs, is expected to be built close to Placerville on U.S. 50, a road leading eastbound to South Lake Tahoe.

"It very clearly is going to intercept a lot of potential visitors who otherwise would have driven up to Tahoe or Reno," Eadington says.

The casino has been stalled by lawsuits for more than 10 years, but a major hurdle was recently cleared by the Miwok Tribe's \$191 million settlement with California's El Dorado

County, which will now drop legislation attempting to block the casino.

Eadington says that, in addition to several other tribal casinos currently in the pipeline, existing northern California casinos such as Cache Creek, 47 miles northwest of Sacramento, and Thunder Valley, 30 miles east of Sacramento, have the right to expand, based on recently amended compacts with the state of California.

"So they may grow considerably larger," Eadington says. "All of this has implications for the tourist-based gaming industry in northern Nevada. Gaming-based tourism is not going to disappear, but it is still going to be rocked by increasing competition."

STILL GOING

Down south, it's a different story entirely. As the big gaming companies have consolidated, development along the Las Vegas Strip continues with mega-projects such as the Wynn Las Vegas hotel-casino being, by no means, the end of the story. And money seems not to be a limiting factor.

"The standard (selling price) for land along the Las Vegas Strip the last couple of years is about \$20 million an acre," Eadington says. "An attempt to buy the Tropicana even suggested it was closer to \$30 million an acre."

And that's just for the land. Eadington says properties such as the soon-to-be razed Stardust and the Tropicana are "arguably teardowns," buildings purchased only to be demolished so a new structure can be put on the land. As Las Vegas continues to revitalize itself, more of the older casinos are likely to fall under the wrecker's ball.

"I wouldn't be surprised if the Imperial Palace and the Flamingo Hilton will be tear-downs, and perhaps even Bally's, which was the old MGM," he says.

Never one to be outdone, Steve Wynn is currently developing Encore next to Wynn Las Vegas.

"That's another \$1.5 billion, very high-end, casino-hotel project," Eadington says.